CCLA

The Public Sector Deposit Fund

UK domiciled short-term LVNAV Qualifying Money Market Fund rated AAAmmf
Fact Sheet – 31 August 2021

Investment objective

To maximise the current income consistent with the preservation of capital and liquidity.

Investment policy

The Fund will be invested in a diversified portfolio of high quality sterling denominated deposits and securities. All investments purchased will have the highest available short term credit rating and a correspondingly strong long term rating.

The weighted average maturity of the investments will not exceed 60 days. There will be no exposure to derivatives or to other collective investment schemes.

Target investors

The Fund is aimed at local authorities and public sector investors seeking a high level of capital security and a competitive rate of interest for their short-term investments.

Who can invest?

The Fund is open to all public sector investors.

Responsible investment policy

We monitor our counterparties' environmental, social and governance risk management on a regular basis. Our research utilises external data resources and our in-house Ethical and Responsible Investment Team.

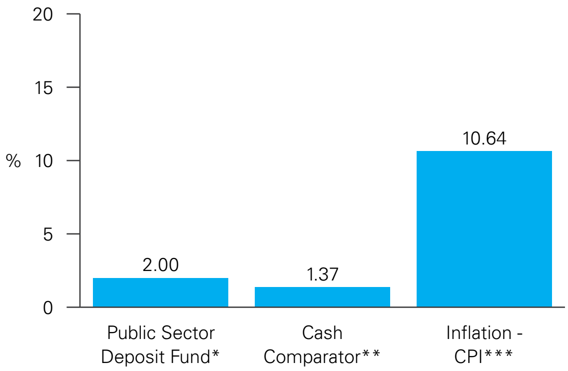
Key risks

Investors should consider the following risk factors before investing: Issuer/Credit Risk (issuer/financial institution may not pay), Market Risk (investment value affected by market conditions), Operational Risk (general operational risks), Maturity Profile (timings of investment maturity), Liquidity Risk (investment in non-readily realisable assets), Concentration Risk (need for diversification and suitability of investment) and Interest Rate Risk (changes to interest rate affecting income). Please see the Fund Prospectus for further details.

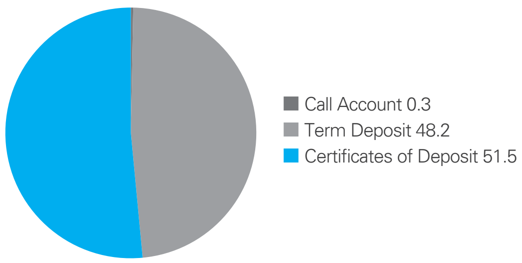
Share class 4 yield as at 31 August 2021

0.0250%

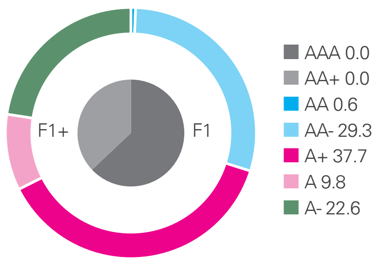
5 years cumulative performance



Asset type (%)



Credit rating† (%)



Top 10 counterparty exposures (%)

9.6%	Bank of Montreal
9.6%	Landesbank Baden-Wuerttemberg
7.1%	Landesbank Hessen-Thueringen Girozentrale
6.4%	Coventry Building Society
6.4%	DBS Bank Limited
6.4%	National Bank of Canada
6.4%	Nationwide Building Society
4.0%	Mizuho Bank
4.0%	Lloyds Bank Corporate Markets plc
3.9%	Credit Agricole Corporate and Investment Bank

Top 10 country exposures (%)

28.3%	United Kingdom
19.0%	Canada
16.7%	Germany
9.3%	France
8.6%	Japan
7.9%	Singapore
3.9%	Sweden
2.7%	Switzerland
2.0%	Finland
1.0%	Belgium

*Source: CCLA - Net performance shown after management fees and other expenses with gross income reinvested. The yield on the Fund will fluctuate and past performance is not a reliable indicator of future results. Holders of the Fund are not covered by the Financial Services Compensation Scheme. **Comparator Benchmark - Sterling Overnight Index Average (SONIA) from 1 January 2021. Prior to that, the comparator benchmark was the 7-Day Sterling London Interbank Bid Rate (7-Day LIBID). ***CPI is lagged one month. †Using Fitch Ratings methodology.

Income - period to end August

Average yield over the month	0.0233%
Yield at the month end	0.0250%

Discrete year total return performance

12 months to 31 August	2021	2020	2019	2018	2017
The Public Sector Deposit Fund	+0.05%	+0.52%	+0.75%	+0.42%	+0.25%
Comparator Benchmark	+0.00%	+0.28%	+0.58%	+0.34%	+0.12%
Relative	+0.05%	+0.24%	+0.17%	+0.08%	+0.13%

Annualised total return performance

Performance to 31 August	1 year	3 years	5 years
The Public Sector Deposit Fund	+0.05%	+0.44%	+0.40%
Comparator Benchmark	+0.00%	+0.29%	+0.27%
Relative	+0.05%	+0.15%	+0.13%

Net performance shown after management fees and other expenses with gross income reinvested. Comparator Benchmark - SONIA from 1 January 2021. Prior to that, the comparator benchmark was 7-Day LIBID. Past performance is not a reliable indicator of future results. Source: CCLA

Market update

The UK economy grew by 4.8% in the second quarter, recovering from the -1.6% decline in activity in the first three months of the year. Despite the improvement, at the end of the period output was still c.4% below pre-pandemic levels. Although expansion continued into July, there were some indications of a loss in momentum as the third quarter began, triggered by continued component shortages, oil field maintenance closures and the loss of activity due to the 'pingdemic'. Car manufacturing was particularly weak, falling to levels last recorded in 1956, and although exports to Europe regained pre-Brexit levels, the trade balance remained strongly negative. Inflation fell to 2.0% from 2.5% but once again timing issues had a major impact on the data. In July clothing was a primary contributor to the decline, not because of a general drop in prices but rather due to the impact of a later start to the summer sales which effectively compared lower prices this year with flat prices a year ago. The RPI inflation rate rose to 3.8%, the RPI rate in July is the base for changes in rail fares in the new year while the increase in domestic fuel tariffs in the Autumn was confirmed at 13%, both reasons are contributors to why inflation is expected to accelerate from here. Interest rates were unchanged, a unanimous decision by the Bank of England's Monetary Policy Committee. In its economic review the Bank confirmed its forecast that the economy would grow by 7.5% this year and 6.0% next, putting them at the bullish end of the consensus range. It expects inflation to peak at 4% and then decline in both 2022 and 2023. Interestingly, although 8% of the workforce still had jobs supported by the furlough scheme, the Bank predicted that unemployment had reached its high point for this cycle, effectively suggesting that the ending of the scheme would have no impact on the numbers seeking work. Strong growth and an improving employment picture inevitably pushed the focus on to interest rate policy. Here the Bank seems to have a noticeably more aggressive tone than its counterparts in Europe and the US, hinting that rates might be increased in 2022, with another rise likely in late 2023 or 2024.

Key facts

Fund size	£1,555m
Credit quality and sensitivity rating by Fitch	AAAmmf
Weighted average maturity (Maximum 60 days)	51.54 days
Launch date	May 2011
Minimum initial investment	£25,000.00
Minimum subsequent investment	£5,000.00
Dealing day	Each business day*
Withdrawals	On demand
Domicile	United Kingdom
ISIN Share Class 4	GB00B3LDFH01
Interest payment dates	Monthly
Fund management fee (FMF)***	0.10%** (currently reduced to 0.06%)

*Dealing instructions must be received by 11.30 am. **The FMF includes the annual management charge and other costs and expenses of operating and administering the fund such as depositary, custody, audit and regulatory fees. ***With effect from 12 May 2021 and until further notice, the FMF applied to the Fund was temporarily reduced to 0.06%.

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Risk warning and disclosures

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